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SUBJECT: BOSNIA: VISIT OF AMB. CHRISTIAN KENNEDY
HIGHLIGHTS RESTITUTION ISSUES

¶1. (SBU) Summary: The visit of Amb. Christian Kennedy, Special Envoy for Holocaust Issues, highlighted for Bosnian political and religious leaders the importance the United States attaches to restitution issues, including restitution of properties lost to victims of the Holocaust. Bosnian Jewish Community leaders stressed the importance they place on their co-equal position as one of Bosnia's four historical religious communities, and the importance of enacting a restitution law that would address outstanding property issues for all victims of expropriation, nationalization, and forcible donation since 1945. Amb. Kennedy's visit was covered positively in all major print media. End Summary.

Background: Jewish Community as Co-equal

¶2. (U) Bosnia has four "historical" religious communities, the roots of which all date back more than 500 years in the country: The Jewish, Catholic, Serb Orthodox, and Muslim communities. Each of these communities holds a seat on the Inter-Religious Council (IRC), where they meet to discuss issues and find ground for common positions on matters including restitution. The IRC has formulated a common position on restitution which calls for both communal property (such as churches, synagogues, mosques, schools, and community centers) and private property of private members of their communities (such as houses, farm and forest land, and apartment buildings) to be restituted under a single state-level law.

¶3. (U) Bosnia's Jewish community, estimated before World War II at 12 percent of the population of Sarajevo alone, now numbers less than 1,000 people throughout the country as a whole. Despite the ethnic tensions of both WWII and the 1992-1995 war, BiH is largely free of traditional forms of anti-Semitism, however. During the 1992-1995 conflict, the Jewish Community cemented its position as an honest broker by offering charitable assistance to members of all ethnic groups. The President of the BiH Jewish Community, Jakob Finci, told us he values this position, and reiterated to Amb. Kennedy his belief that the Jewish Community's property issues must be addressed within the framework of a larger, state-level restitution law.

The Failed Restitution Law

¶4. (SBU) The BiH Council of Ministers (CoM) had formed a Restitution Commission, which drafted a Law on Restitution that was approved by the CoM and submitted to the state

Parliament in late 2007. In January 2008, the law was passed by the lower House of Representatives, and sent to the House of Peoples, where it was defeated by Serb parliamentarians. Despite claims that the Serbs voted against the legislation due to an unacceptably low limit on the maximum compensation offered to a title holder for a single property (150,000 KM, or about 100,000 USD), most observers believe Serb politicians opposed the Law on Restitution as a competency that would be given to BiH state-level institutions (as opposed to the entities). At present, the BiH Ministry of Justice and Ministry of Human Rights have been tasked by the CoM to offer a new draft of the law, now that a mandatory six-month waiting period has elapsed since the legislation's failure.

Spiric says PM not empowered

15. (SBU) In a meeting with Amb. Kennedy, PM Spiric stressed that one significant problem in addressing restitution issues is the inability of individual ministers, and the state-level government generally, to act in the current acrimonious political climate. Spiric was harshly critical of unnamed political leaders who have focused on short-term gains, thereby strengthening ethnic division throughout the country.

He claimed that the absence of consensus on the proper functioning of the state made pursuing ad hoc restitution impossible, and the passage of a new restitution law unlikely in the near future. Spiric called for international pressure to focus Bosnian politicians (which he himself is) on the necessary tasks at hand, one of which is a restitution law.

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Religious communities underline common position

16. (SBU) Amb. Kennedy, hosted by Amb. English, had lunch with IRC representatives, who underlined their collective support for a single, state-level law which would solve the problem of both community and private property that was nationalized, expropriated, or forcibly donated property (often donated as the price extorted from Bosnian Jews for an exit visa to leave Yugoslavia for Israel). IRC members said they had come to several common positions on a future restitution law, including: 1) that the law cover the period from January 1, 1945 until the date of the law's enactment; 2) that return of property be the primary goal, with restitution in kind as a second alternative, and restitution in monetary terms as a final option; 3) that no limit be placed on potential monetary restitution, as 150,000 KM would not be suitable compensation for even a small apartment in the historical area of most cities in BiH; and 4) that religious communities would be generous in the terms offered to current tenants of property returned, possibly including tenancy rights for the lifetime of current occupants. Finci said the 1945 start date would cover property lost during the Holocaust period, as well.

17. (SBU) IRC representatives complained that the Restitution Commission did not consult with IRC members in formulating its (failed) draft legislation. While IRC members appreciated the complexity of the property issues which the Commission had tackled, and the statistical information it had brought to bear in analyzing the problem, they objected to several aspects of the draft (including, most notably, the 150,000 KM cap on monetary restitution which was, in the end, the bone of contention for Serb parliamentarians). To date, the IRC noted, no BiH Ministry of Justice or Ministry of Human Rights officials had discussed possible future draft legislation with them.

Restitution law would improve business climate

18. (SBU) Amb. Kennedy met with board members of the MIMS

Group, a large Bosnian holding company with interests in media, beverage, packaging and retail industries. MIMS Group board members noted the difficulty of improving Bosnia's business climate given the municipal, cantonal, entity and state levels of government approval needed in most business endeavors. They complained of RS Prime Minister Milorad Dodik's interference in their attempts at expanding in the Banja Luka market, based (they believe) on his dislike for the editorial position of Oslobođenje, a major paper they own. Additionally, they noted that the restitution law, irrespective of ethnicities, would be of benefit to all BiH citizens, as it would clear up many title questions which inhibit foreign direct investment in BiH. Amb. Kennedy offered similar examples in years past in other former Warsaw Pact countries which have now largely been dealt with.

Alkalaj suggests restitution effort on entity level

¶9. (SBU) Amb. Kennedy met with BiH Foreign Minister Sven Alkalaj, who concurred that a new draft of the restitution law was badly needed, and that PM Spiric and others would be unable to provide much further impetus in the current political climate. Alkalaj opined, however, that a law on the Federation level, specifically addressing only private property concerns (and not community property) might be a productive means of addressing some part of the restitution issue. Subsequent discussion with Jewish Community representatives made clear, however, that they and other IRC members are firm in their belief that a restitution law must be both state-level and all-encompassing.

¶10. (U) Ambassador Kennedy cleared on this cable.
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